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8 November 1956

CURRENT INTELLIGENCE WEEKLY SUMMARY



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THE WEEK IN BRIEF

PART I

OF IMMEDIATE INTEREST

THE MIDDLE EAST CRISIS Page 1

Hostilities have virtually stopped in Egypt, although there has been no formal acceptance of a cease-fire. The UN police force now being formed will be confronted by the problems raised by Israeli reluctance to co-operate with it and by Egyptian insistence on the withdrawal of all hostile troops. The Russians, in notes and letters during the week, have sought to appear as the champion of peace in the Middle East and the defender of small nations against the "colonial powers." Britain and France may yet succeed in placing the canal under some form of international control. Nasr's prestige among the Arabs, however, is still high. The Israelis have re-deployed troops from Sinai to their borders with Syria and Jordan, where they remain in readiness for any eventuality. [REDACTED]

THE SITUATION IN HUNGARY Page 5

Although armed patriots continued to resist the Soviet attack in Budapest and in at least three areas in the provinces as late as 7 November, the internal Hungarian situation is under Soviet control. Soviet forces and their collaborators in the new Workers and Peasants Revolutionary Government of Premier Janos Kadar are seeking to restore civil and economic order. [REDACTED]

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PART II

NOTES AND COMMENTS

USSR POLICY TOWARD SATELLITES
FOLLOWING THE HUNGARIAN REVOLT Page 1

25X1 The suppression of the Hungarian rebellion demonstrated to the Satellites that Moscow will not permit them to escape Soviet control. By installing a puppet regime in Hungary, the USSR demonstrated to all Satellite leaders that they are ultimately dependent on Moscow. Soviet policy, as enunciated in the declaration of 30 October, clearly defined the limits of liberalization, which will not be allowed to endanger Soviet hegemony. [redacted]

REACTION TO
THE MIDDLE EAST CRISIS Page 3

Communist China: Peiping has taken an increasingly hard propaganda line on the Middle East hostilities and has encouraged "spontaneous" demonstrations against the British in major Chinese cities. Peiping radio has reported that more than a quarter million Chinese have expressed eagerness to volunteer on the side of the Egyptians. Peiping's principal motives are to gain support among the Asian-African countries and to demonstrate bloc solidarity.

Asia: Almost all non-Communist Asians have condemned the invasion of Egypt. The Arab-Asian bloc has generated considerable pressure both inside and outside the UN for a speedy solution to the problem.

25X1 Western Europe: The Anglo-French military action in the Suez area has met with general disapproval in other Western countries, although some sympathy has been expressed in official circles. Most of the Western European and Latin American countries have given strong support to the stand adopted by the United States at the UN. [redacted]

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REACTION TO THE HUNGARIAN REVOLT Page 5

Satellites: All the Satellites, Communist China and Yugoslavia have voiced approval of the new Kadar regime established in Hungary following the Soviet military intervention on 4 November. China has applauded the military intervention in Hungary, and Yugoslavia, while regretting the Soviet move, regarded it as necessary. In Poland and Rumania, the press has given no coverage to the Soviet military action.

Western Europe: The Soviet Union's repression of the rebellion in Hungary has renewed fears throughout Western Europe of a return to Stalinism in the bloc and intensified the stresses within national Communist parties. [REDACTED]

WESTERN EUROPE'S OIL SITUATION Page 7

The first effects of the Middle East situation on Western Europe's oil supply--86 percent normally comes from the Middle East--will be felt within a week. The British estimate their supplies of crude oil and products will last four weeks, have already ordered companies to restrict deliveries, and are considering full-scale rationing. The French and West German governments are also planning allocation measures. [REDACTED]

UNREST AMONG FRENCH COMMUNISTS Page 9

French Communists are increasingly restive over the party leadership's alignment with Soviet policy regarding Hungary. The Soviet actions in Eastern Europe have tended to nullify the party's overtures to the Socialists. [REDACTED]

SUSLOV'S SPEECH ON ANNIVERSARY OF THE OCTOBER REVOLUTION Page 10

The major speech of the 39th anniversary celebration of the Bolshevik revolution, delivered by party presidium member Mikhail Suslov on 6 November, was couched in conciliatory language and maintained the Soviet leaders' commitment to the broad lines of foreign and domestic policy established at the Soviet 20th party congress last February. No new policy lines were developed. [REDACTED]

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SOUTH KOREA RENEWS ATTEMPT
TO INCITE REVOLT IN NORTH KOREA Page 11

The uprisings in Eastern Europe have given President Rhee new hope that he can incite the North Koreans to rebel against the Moscow-dominated Pyongyang regime. Rhee's propaganda is not likely to achieve his aim of unifying Korea, but might be sufficient to provoke the North Koreans into a border incident. [REDACTED]

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NEW "LIBERALIZATION" PROGRAM
IN NORTH VIETNAM Page 12

The Viet Minh last week announced its first measures for "democratization" and implicitly ascribed its "liberalization" decision to the unpopularity of its land reform program. By this action Viet Minh leaders are following party doctrine laid down at the Soviet 20th party congress. Hanoi may also hope to create conditions to enable it to match the steady progress in South Vietnam. Inauguration of the new policy has been accompanied by some shifts in the leadership. [REDACTED]

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LAOS AND PATHET LAO
AGREE ON NEUTRAL FOREIGN POLICY Page 13

The Laotian government and the Pathet Lao signed an agreement on 2 November which established the framework of Laotian neutrality. By this agreement, the Pathets achieved one of their primary objectives and paved the way for diplomatic relations with bloc countries and the acceptance of bloc economic aid. In meeting Pathet demands without extracting concessions on the two disputed provinces and the integration of forces, the government has weakened its bargaining position in further negotiations with the Pathets. [REDACTED]

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ORBIT VISITS OF AFGHAN
AND PAKISTANI OFFICIALS Page 14

Neither the recent visit of Afghan premier Daud to the USSR nor that of Pakistani premier Suhrawardy to Communist China resulted in any new agreements or commitments. [REDACTED]

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CHINESE REPRESENTATION

AT THE UN GENERAL ASSEMBLY Page 14

Nationalist China is expected to retain its right of representation at the forthcoming UN General Assembly. Communist China is expected, however, to pick up considerably more votes than the 12 it received last year. [REDACTED]

ICELAND MAY MODIFY DEMANDS

IN BASE NEGOTIATIONS WITH US Page 15

The recent events in Eastern Europe have greatly increased the possibility that the Icelandic government will no longer demand the withdrawal of American forces from Iceland, although it is likely to seek some concessions to save face. The Communists in the coalition government may agree to a compromise in order to retain their position. [REDACTED]

NORTH AFRICA Page 16

The widespread support in the Algiers area for the general strike on 1 November showed clearly the discipline of the Moslems under the leadership of the Front of National Liberation. A Tunisian demonstration of solidarity was also well disciplined; in Morocco, demonstrations were banned. Meanwhile, Morocco and Tunisia have expressed solidarity with Egypt, and the Moroccan government has approached the United States for financial assistance. During the last week terrorist activity has continued at its normal level. [REDACTED]

PART III

PATTERNS AND PERSPECTIVES

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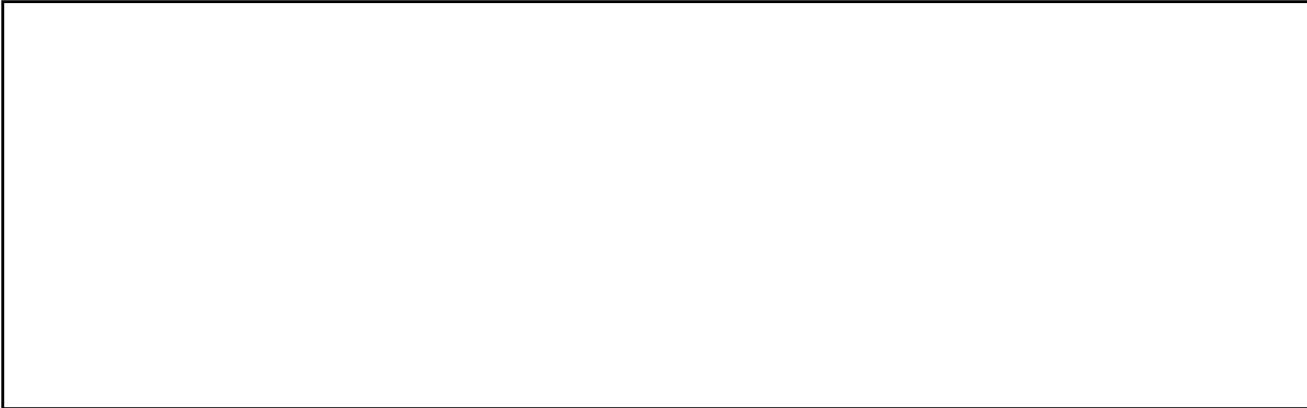
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THE DEVELOPMENT OF AN EAST GERMAN ARMY Page 5

Although the East German army, officially created in January, is being developed into a modern fighting force with up-to-date weapons and tactics, its reliability in the current unstable situation in Eastern Europe is questionable. The East German regime has been striving to overcome the defense establishment's low morale and low political reliability. The army is intended to be a well-trained cadre force which could be expanded quickly by the addition of conscripts.



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PART I
OF IMMEDIATE INTERESTTHE MIDDLE EAST CRISIS
(As of 1000, 8 November)

Hostilities have virtually stopped in Egypt, although there has been no formal acceptance of a cease-fire. The UN police force now being formed will be confronted by the problems raised by Israeli reluctance to co-operate with it and by Egyptian insistence on the withdrawal of all hostile troops. The Russians, in notes and letters during the week, have sought to appear as the champion of peace in the Middle East and the defender of small nations against the "colonial powers." Britain and France may yet succeed in placing the canal under some form of international control. Nasr's prestige among the Arabs is still high. The Israelis have redeployed troops from Sinai to their borders with Syria and Jordan, where they remain in readiness for any eventuality.

Military Situation

While fighting in Egypt between the Anglo-French forces and organized Egyptian units appears to have stopped following the equivocal cease-fire announcements on 6 November, sniping and other forms of semi-guerrilla activity were reported continuing in the area occupied by the allies. As of 8 November, Nasr's military situation was poor for prolonged conventional operations against a major Anglo-French invasion effort, but it was far from hopeless for the "street-to-street, house-to-house" style campaign the regime apparently has contemplated.

Although Egypt's air force and navy are almost entirely inoperative, ground forces--not including paramilitary groups, which were a big factor in the prolonged resistance around Port Said--may still number as many as 87,000. Moreover, over half of Egypt's armor is still left after the losses in the fighting and the retreat from Sinai.

Nasr's Situation

Nasr now appears more inclined to stall and bargain diplomatically than he did during the early stages of the Anglo-French attack. [REDACTED]

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[REDACTED] The Egyptian government now, however, is talking in terms of conditions--the withdrawal of all foreign troops, the return of the canal to its hands as it was before the hostilities began, and a refusal to accept British and French technicians to clear the blocked waterway.

While Nasr's prestige reportedly has been shaken with some groups--intellectuals or army personnel who participated in the Sinai fighting--there is still no sign that the disillusionment is turning into organized opposition. The individuals mentioned in rumors as possible replacements for Nasr--ex-president Nagib and a variety of pre-RCC political

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leaders--do not appear to be serious alternatives at this time, and it seems unlikely that a new revolution or coup will occur in Egypt in the immediate future unless the Anglo-French occupation is extended beyond the canal zone.

Prestige in Arab States

Nasr's prestige does not seem to have suffered as much as might have been expected in the other Arab states. The fact that Egypt has not collapsed utterly before the combined Anglo-French-Israeli assault is apparently looked on in Damascus and Amman, where Arab leaders are acutely conscious of their own impotence, as a tribute to the Nasr regime.

The Saudi Arabians have broken diplomatic relations with 25X1 Britain and France and banned the shipment of Saudi oil to those countries.

Israeli Position

Israel has shifted substantial military strength from the completed Sinai operations to the Syrian and Jordanian frontiers. Despite repeated assertions by Israeli foreign minister Meir that Israel will not attack either of those countries unless attacked by them, other statements by Israeli officials strongly suggest that they envisage an Israeli occupation--and annexation--of West Jordan as a result of the Arab defeat. The principal deterrent to Israeli action at this time would appear to be the Soviet warning to Israel to "come to its senses," although it is possible that British opposition to involving Jordan in hostilities may also have played a role.

It is still unclear whether the Israelis intend to try to occupy Sinai and the Straits of Tiran at the mouth of the Gulf of Aqaba only temporarily as bargaining counters in peace negotiations with Egypt, or whether they wish, as they say, to keep the peninsula and the straits as a kind of buffer zone between them and the center of Egyptian strength. Israeli

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No sabotage has yet occurred in Iraq, but there have been a number of minor riots against the pro-British orientation of Prime Minister Nuri Said's cabinet,

Iraq has some troops--advance elements of a division--in Jordan, where they can either defend the country against Israel or participate in its partition should an occasion arise.

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actions indicating the UN truce machinery no longer had any business in the Gaza area suggest the latter possibility, at least as far as the Gaza area is concerned.

Soviet Moves

Intense Soviet diplomatic activity began on 4 November, with notes to Britain and France--the first formal action taken after British and French bombings began. These notes protested military operations against Egypt on legal and moral grounds citing the "closing" of the Suez area to merchant shipping as an "obvious violation" of the 1888 Convention.

The immediate nervous public reaction to the warning notes sent to Eden, Mollet and Ben-Gurion on 5 November led to an explanatory statement by Soviet Foreign Ministry spokesman Ilyichev that the USSR envisaged action only in co-operation with other nations.

A personal letter from Bulganin to President Eisenhower and a letter from Foreign Minister Shepilov to the president of the Security Council on 5 November, both suggesting joint Soviet-US military intervention in the Middle East under the aegis of the Security Council, were aimed at further highlighting the seriousness of the Middle East conflict and forcing the United Nations to give increasing attention to that conflict.

Moscow's moves make it clear that the USSR is not willing to be excluded from any UN police action, especially in view of the offer already made by the United States to help in

transporting the forces of small nations to the Middle East under the Canadian resolution.

Israel's refusal on 7 November to withdraw its troops from Sinai may well cause a further Soviet demarche to Tel Aviv. Moscow's note to Israel on 5 November was the harshest statement the USSR has made to the Israelis since relations were re-established in 1953, and was accompanied by the recall of the Soviet ambassador.

Moscow, in its latest note, stated that Israel's military aggression against Egypt opened to question the existence of Israel as a state. Moscow holds several trumps which might be used to pressure Tel Aviv. The USSR might break off relations, which Israel would abhor because of the presence of some 2,000,000 Jews in the Soviet bloc, or possibly give a guarantee to Syria or Jordan against an Israeli attack. 25X1

Large demonstrations in Moscow before the British, French and Israeli embassies, meetings in factories, resolutions of protest from the constituent republics, and intensive internal propaganda coverage of the Middle East situation caused Ambassador Bohlen to comment that "the Soviet people are being conditioned for any action which the government may be preparing to take."

Chinese Communist broadcasts also report mass rallies in Chinese cities since 2 November to condemn the Anglo-French "aggressions." TASS on 6 November stated that, in the defeat of the Soviet motion in the UN

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on 5 November, the United States "openly sided with the aggressors" and would be primarily responsible for a spread of the conflict.

Syrian president Quwatli has just returned from Moscow, where he undoubtedly received Soviet reassurances and possibly promises of additional military aid. Prime Minister Eden and French foreign minister Pineau have both expressed fear that the Soviet Union intends to intervene in the Egyptian hostilities, using Syrian bases.

The Egyptian public information office has appealed to the world for volunteers, arms and other help. Only in the Soviet offer of volunteers is there any clear-cut indication that the USSR intends to give more than diplomatic and propaganda assistance to the Arabs. An unscheduled Moscow news bulletin on 6 November broadcast the Egyptian plea and stated, "she needs your help." According to press reports on 7 November, Soviet reserve officers have already volunteered.

Britain and France

British and French agreement to a cease-fire in Suez leaves the two powers in a position to insist on international control of the canal, but they have had to abandon direct efforts to get rid of Nasr.

The Soviet notes of 5 November to both governments evidently gave pause even to some of the strongest supporters of the intervention. Moscow has already claimed partial credit for having brought about the cease-fire.

The French government reacted by requesting that the United States warn Moscow against aggression on either

Austria or West Germany.

British Foreign Office officials concerned with Eastern European affairs told American officials in London they were dismayed at the coincidence of Hungarian developments and the intervention in Egypt.

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The possibility of a British cabinet split may have been the immediate cause of Britain's agreeing quickly to a cease-fire. A powerful group of cabinet ministers headed by R. A. Butler reportedly demanded on 6 November that Eden bring an end to the fighting. Open opposition to Eden's policies had already resulted in the resignation of Minister of State Nutting; after the cease-fire, another Eden protégé, the prime minister's public relations adviser, resigned.

According to the American embassy in London, the deep division in British public and official opinion concerned the "moral issues," as well as the practical effects on Britain's international reputation, its Commonwealth ties, the alliance with the United States, the United Nations, and Britain's own precarious economic situation.

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Britain and France are ostensibly committed to the withdrawal of their own and Israeli forces, but as long as Israeli forces occupy Sinai, a case can be made for having a buffer force in the Suez Canal zone. Britain and France almost certainly intend to use their position at the northern end of the canal to promote a permanent arrangement involving non-Egyptian control.

Strong criticism of the cease-fire has arisen in France. Important elements are attacking the Mollet government for stopping the military action before Nasr had been toppled. The American embassy in Paris believes French military leaders would like to reopen hostilities if provoked in any way.

UN Police Force

Secretary General Hammarskjold's plan for the international UN police force received overwhelming approval by the General Assembly on 7 November. The forces, to be furnished by the smaller members of the UN, excluding the Satellites and the permanent members of the Security Council, are to be stationed in the Suez Canal area initially.

Major General Burns, chief of staff of the UN Truce Supervision Organization in Palestine, will command the forces, and officers will be chosen from among the UN military observers in the area. Burns is now in Cairo, accompanied by 10 UN observers, to make arrangements for the entry of the UN forces.

Nine countries have been announced as contributing troops --Brazil, Canada, Colombia, Denmark, India, New Zealand, Norway, Pakistan, and Sweden. All of these offers have been officially confirmed by the governments concerned except that of Brazil, whose president is consulting the opposition about it. In addition, Ceylon, Czechoslovakia, Finland, Greece, Italy, the Netherlands, and Rumania have offered to send troops. Hammarskjold on 4 November told Ambassador Lodge he would also ask Mexico, Iran, and Ethiopia.

The General Assembly set up a seven-nation committee to advise Hammarskjold about the UN police force. This committee consists of representatives from Brazil, Canada, Ceylon, Colombia, India, Norway, and Pakistan.

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THE SITUATION IN HUNGARY

Although armed patriots continue to resist the Soviet attack in Budapest and in at least three areas in the provinces, the internal Hungarian situation is under Soviet control after more than two weeks of bloody revolutionary activity. Soviet forces and their collaborators in the new self-styled national Communist Workers and Peasants Revolutionary Government of Premier Janos Kadar are in at least military control of the country

and are seeking to restore civil and economic order as quickly as possible.

Hourly appeals over most of the nation's radio stations reveal the size of the economic task confronting the regime; foodstuffs, medicines and other staples are in short supply, transportation is at a virtual standstill and most industrial plants, if in operation at all, are working with skeleton labor forces. The regime's political

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prospects appear no more promising; the mood of the population, bitter or despairing in defeat, will long plague the regime's efforts to put the country back on its feet.

Kadar's Problems

Despite its hailing of much of the earlier revolution as a brilliant success, despite its tribute to those who fell in battle, and despite the insistence that Hungary is still a free and sovereign state, the Kadar regime is impotent without Soviet army backing. It thus finds itself in the position of defending a breed of national Communism and Hungarian independence which came into existence only by virtue of Soviet tanks.

The longer the armed resistance continues and the more the Soviets resort to atrocities and slaughter, the more difficult Kadar's task will be; whatever Kadar's actual goals and initial motivation, he has acted as a Soviet agent and will be powerless to act in any other role for some time.

Since 1 November, when the Hungarian Workers (Communist) Party renamed itself the Socialist Workers Party and chose a new ruling presidium headed by Kadar, there have been no official announcements from the party. The status of its leadership, its organization and its activities--particularly since the Soviet attack on 4 November--has been obscure. It now appears to be shorn of much of its left--Rakosi and Gero--and fighting its extreme right--Nagy and his supporters. It consists, at the center, of the compromised national Communist leaders, opportunists and whatever Russophile elements and security police remain.

Local party organizations in the provinces and districts and in the factories had joined the uprising and, to a remarkably large extent, had appeared willing to go along with the Nagy government and Hungarian neutralism; many may now return to the fold, but others will certainly remain aloof or in opposition.

The bulk of the national Communists, who may have formed a majority of the party prior to the uprising, probably viewed with fear the growing victory of non-Communists in the revolutionary regime. But their reaction to the Soviet attack on 4 November may have been even more intense. For the immediate future, the party can probably count on the active and loyal services of no more than half of its prerevolution membership and it will probably be several years before an efficient functioning Communist Party, with a disciplined cadre and a potent leadership, will again rule in Hungary.

Nevertheless, whatever the level of his present support within the Communist Party, Kadar can probably count on more than any other Soviet-supported leader; the national Communists have no other standard-bearer of equal stature acceptable to the USSR.

Long-range Soviet policy toward Hungary apparently is based on the hope that Kadar and his regime will be able to institute a workable policy similar to that espoused by Gomulka in Poland--as Kadar has already promised. Although his promises, including one to have representation in the government from "other parties" and nonparty interests, could amount to little more than a stratagem to restore order, it

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appears probable that the new Hungarian regime, with Soviet support, will actually attempt to carry out such a program.

Soviet Moves

The Soviet decision to attack was probably taken at least by 31 October, when it had become clear the new Hungarian regime would in time renounce Communism and its close ties with the USSR. Hungary, if left to its own devices, would have achieved a status not unlike that of Austria; officially neutral, but unofficially hostile toward the East and sympathetic toward the West.

In the few short days of Hungarian freedom, the political situation throughout the country passed from Communist domination to regional independence to resistance to the Nagy coalition government in Budapest to co-operation with it on a provisional basis, and, just before the end, to the beginnings of a democratic revival.

The renewed Soviet attack came without formal warning,

but on the night of 2 November the Soviet troop movements within the country and reinforcements crossing into Hungary had indicated some form of Soviet move was imminent. The Nagy regime the previous day had sounded the alarm to the United Nations, but, almost simultaneously, the USSR had entered into negotiations with the Nagy regime for the withdrawal of all Soviet forces in the country.

On the morning of the 4th, when Soviet units attacked Budapest and other cities, the Soviet generals who were talking to the two Hungarian representatives--Defense Minister Pal Maleter, an insurgent hero; and Chief of Staff Kovacs--abandoned the pretense and arrested the conferees. By about 0800 on the same morning, Soviet troops captured the parliament building in downtown Budapest and arrested its occupants, Premier Nagy and several of his ministers. Nagy had had time only to announce the attack over Radio Budapest at 0515 and to make his last urgent call for Western military assistance.

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PART II

NOTES AND COMMENTSUSSR POLICY TOWARD SATELLITES
FOLLOWING HUNGARIAN REVOLT

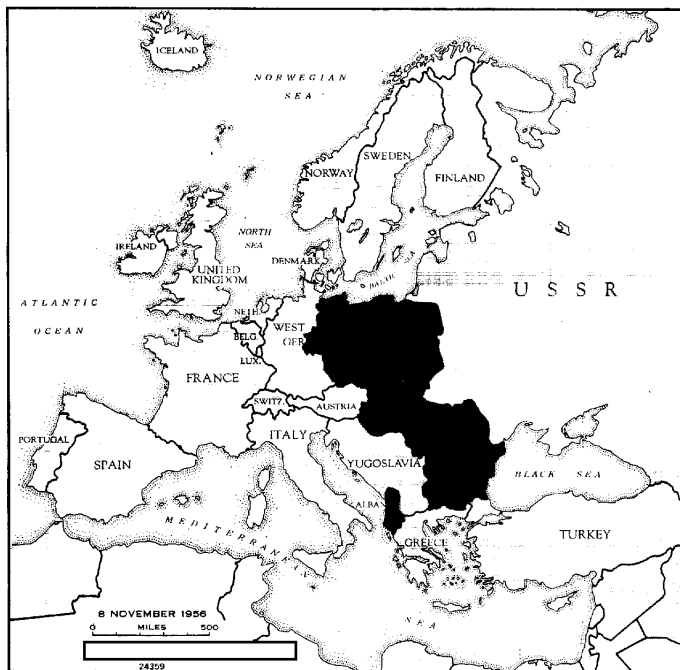
In a declaration on 30 October, Soviet leaders affirmed their intent to continue the "liberalization" policy in the Eastern European Satellites. Admitting "downright mistakes" in the past in the USSR's relations with other socialist states, the Soviet government affirmed the "equality" of the Satellites in dealing with the USSR and gave the Satellites a substantial degree of "independence" in finding individual "roads to socialism." It indicated a willingness to consider the withdrawal of Soviet troops as well as economic and other specialists from the Satellites.

Party presidium member Suslov, addressing the 39th anniversary celebration of the Bolshevik revolution in Moscow on 6 November, stated that the declaration reaffirmed the line of the 20th party congress.

The 30 October declaration clearly stated, however, that equal relations between the USSR and the other socialist states presupposed the continuing existence of common bonds of interest among socialist states--Communists in key positions of control and thus loyal or at least friendly to the USSR. It also expressed "confidence that the people of the socialist states would not permit foreign and internal

reactionary forces to undermine the basis of the People's Democratic regimes." This may have been intended as a clear warning to the Hungarians that they should not go beyond the limits spelled out in the resolution.

This policy line was adopted not because the Soviet leaders in any way liked what was going on in Hungary but because: (a) an avowed abandonment of the "liberalization" line in the Satellites would seriously undermine the general "anti-Stalinist" line in Soviet domestic and foreign affairs; and (b) Soviet leaders probably still hoped that in Hungary they could settle for the "Gomulka solution," just worked out in Poland, which they believed would guarantee the minimum Soviet



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requirements of a Communist-controlled regime and a pro-Soviet, or at least not openly anti-Soviet, policy.

Hungarian Revolt

By 3 November the Nagy Hungarian government clearly was no longer a fraternal socialist state, but, in Soviet eyes, a fascist reactionary regime bent on the destruction of the socialist base in Hungary. Furthermore, the success of the Hungarian people in defying their Communist bosses and defeating Soviet forces had emboldened the Satellite peoples throughout the bloc, particularly in East Germany and Poland, to press for additional concessions and aspire to the freedom apparently won by the Hungarian people. Satellite leaders, even such national Communists as Gomulka, were alarmed over the course of events in Hungary and their impact on their peoples.

If the USSR had failed to act against Hungary, clearly the application of the liberal tenets of the 30 October declaration in the other Satellites would have been taken as a further sign of Soviet weakness and seriously undermined the stability of the Communist bloc regimes.

Suppression of the Hungarian rebellion, however, demonstrated to the remainder of the Soviet bloc that Moscow would not permit the Satellites to escape Soviet control. By installing a puppet regime in Hungary and rescuing the faltering Communists, the USSR demonstrated to all Satellite leaders that they are ultimately dependent on Moscow.

By its intervention in Hungary, the USSR clearly defined the limits of the 30

October declaration. The USSR can now afford to permit Satellite leaders a greater degree of independence in their internal affairs. Satellite leaders in turn can make additional concessions to their people without fear of creating uncontrollable pressures for nonsocialist objectives. Furthermore, in implementing the 30 October declaration, the Soviet leaders can gradually reduce the damage done to their international prestige by their actions in Hungary.

Soviet Leadership

In regard to the Soviet leadership, the decision to resort to force in Hungary certainly strengthened the hand of the minority within the party which has been long opposed to the liberalization program. On the other hand, Suslov's speech on 6 November suggested that most Soviet leaders probably feel compelled, and may well desire, to continue their over-all program as set forth in February at the 20th party congress. Thus Khrushchev's general policies do not seem to have been endangered.

Nevertheless, the question of Soviet misjudgment of Hungarian intentions could result in some changes within the leadership. Mikoyan and Suslov would seem to be vulnerable, since they have been most clearly associated with the Soviet policy toward Hungary. Their continuing prominence suggests, however, that they are not being held responsible for the recent debacle.

The role of Marshal Zhukov and the military in the Soviet decision to use armed force in Hungary is unclear. At the least, the decision must have been in line with views being expressed by the military

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leaders, but since in this case political and military considerations both demanded essentially the same policy, the respective weight of each in the decision is difficult to assess. Zhukov's speech on 7 November at the anniversary parade was conciliatory in tone. As a possible indication of

military sentiment, Ambassador Bohlen reports that Marshals Zhukov and Sokolovsky displayed an air of satisfaction and triumph on 3 November, at a time when the decision to use force in Hungary had only recently been taken.

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REACTION TO THE MIDDLE EAST CRISISCommunist China

The tone of Peiping's propaganda on the Middle East crisis has become increasingly hard over the past week. On 3 November the Chinese issued an official protest against the British and French action, which was called the "most outrageous and shameless act of aggression in human history." Peiping warned Britain and France that their course would entail "inestimably grave consequences." Peiping's principal motives are to gain support among the Asian-African countries and to demonstrate bloc solidarity.

The Chinese have begun "spontaneous" demonstrations on the Suez question. Mobs demonstrated before the British embassy in Peiping on 2 November, and the next day a crowd of 400,000 assembled to cheer speeches promising "all-out" support for Egypt by the "Chinese people." Similar demonstrations have been reported in other major cities.

Before the hostilities began, there were statements suggesting that Chinese

"volunteers" might be sent to aid Egypt. On 21 September, Chou En-lai told the standing committee of the National People's Congress that the Chinese people could not "stand idly by" in the event of "military intervention" in Egypt. A member of the Indonesian parliamentary mission to China recently told reporters in Djakarta that Mao Tse-tung had told them he himself would volunteer to fight against the "imperialists" in Egypt.

Since the Allied intervention, these statements have been echoed by lower-level Communist Party officials and nonparty leaders, and on 7 November a Peiping broadcast reported that more than a quarter million Chinese have written the Egyptian ambassador to express their "ardent desire to volunteer on the side of the Egyptians in their struggle against the imperialists."

Asia

The strongest reaction to Anglo-French moves against Egypt outside the Arab states has been in South Asia, where

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India has taken the lead, with both early comments and intense diplomatic activity. The next strongest reaction was in Pakistan and Indonesia, where rioting, violence, strikes, and other antiforeign activities have been widespread. Japan, South Korea, Nationalist China, and the Philippines have been much less concerned, and official reaction in these countries has developed slowly.

Britain, France, and Israel have all been roundly denounced for their aggressive actions and have widely been accused of collusion. Indian prime minister Nehru has accused all three of clear and naked aggression. His tone was echoed by the prime ministers of Pakistan, Ceylon, Burma and Indonesia. Government officials in Afghanistan and other countries have been equally vehement.

As a result of diplomatic exchanges with each other, with the great powers, and with the United Nations, the Arab-Asian states have generated considerable pressure for quick UN action to end the crisis.

All Asian states except Laos, which is engaged in delicate financial negotiations with France, supported the UN resolution of 2 November calling for a cease-fire and withdrawal of foreign troops from Egypt. A number of these states would have supported an even stronger resolution actually charging all three countries with aggression.

On 7 November the Arab-Asians successfully pushed through the General Assembly a resolution calling for the immediate withdrawal of foreign troops from Egypt.

Outside the UN, Indonesia has informally endorsed a Soviet proposal for another Bandung-type

conference to discuss the situation, but has received little response, apparently because few prime ministers wish to leave their countries at this time.

A Colombo powers meeting is scheduled for 12 November in New Delhi, although Pakistan seems unwilling to attend. A meeting of the chiefs of state of Iran and Pakistan and the prime ministers of Pakistan, Turkey, and Iraq was convened in Tehran early this week, to discuss their relationship to the Egyptian situation, as well as the relationship of Britain to the Baghdad pact organization.

Offers by volunteers to fight on Egypt's side have come from Indonesia, Hyderabad State in India, and Afghanistan. An Afghan volunteer force was formed shortly after Egypt issued a call on 6 November for volunteers, arms, and any other kind of aid.

The first reactions recorded by Arab-Asian nations to the cease-fire of 6 November have been of relief that a major war has been at least temporarily averted. Feeling continues to run high, however. In Indonesia the British information service building in Djakarta was set on fire on 7 November, British ships in the harbor are not being serviced, and Indonesians reportedly will not even serve food to British and French nationals.

Although American moves in the UN have been widely applauded and India and other countries have openly requested American leadership in the UN, many countries may feel that peaceful moves in the UN were less effective than the threat of force from outside that body. Asian respect for power and the tendency of some Asians to overlook totalitarian means

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in achieving commendable goals seem likely to leave the USSR more of a hero than a villain in the affair. The USSR is already attempting through its ambassador in New Delhi to impress on Asian minds that the threat of force was designed only to achieve peace in the Near East.

Western Europe

The Anglo-French military action in the Suez area has met with general disapproval in other Western countries, although some sympathy has been expressed in official circles. Most of the Western European and Latin American countries have given strong support to the stand adopted by the United States at the UN.

The West German government initially avoided any public statement which would further strain the Western alliance, but on 8 November Chancellor Adenauer stated in the Bundestag that force should not be used to promote legitimate policies. The German representative told the North Atlantic Council on 2 November, however, that his government felt the Anglo-French action might create the basis for a peaceful solution in the Middle East. He felt UN action would have been too little and too late.

The Italian government has supported the American call for every effort to end military action and resume negotiations

for a peaceful settlement, but it has felt constrained to stress the provocation Egypt gave Britain and France.

Sympathy for the Anglo-French move has probably been stronger in the Benelux countries than elsewhere on the Continent. Belgian foreign minister Spaak has been primarily critical of the manner in which London and Paris presented their case, and official Belgian concern has been largely directed to the need for measures to retrieve Western unity.

Denmark, Norway, Sweden, and Finland have strongly condemned the Anglo-French move, and the press, as in Austria, has tended to link the Soviet subjugation of Hungary to the attack on Egypt.

Swiss federal councilor Petitpierre explained to American minister Willis on 6 November that his proposal for a new summit meeting of the four big powers, and possibly India, was motivated especially by the Soviet proposal to send troops to the Suez area and his realization of "how near to the brink of war the world is."

The Canadian government has emphasized "regret" at the use of force, but also the desire not to strain its ties with Britain. The Latin American bloc in the UN has provided strong support for the United States stand.

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REACTION TO THE HUNGARIAN REVOLT

Satellites

All the Satellites, Communist China and Yugoslavia have voiced approval of the new Kadar regime established in Hungary following Soviet military intervention on 4 November.

China has applauded the military intervention, and Yugoslavia, while regretting the Soviet move, regarded it as necessary. The press in Poland and Rumania has given no coverage to the Soviet military action.

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Press statements from all Eastern European countries just prior to the dramatic events of 4 November deplored the increasingly "reactionary" nature of the insurgent Hungarian forces, and the capitulation by the Nagy coalition government to their extremist demands. Having thus prepared their audience, the approval by these countries of the new Kadar government, dedicated to the preservation of Communism, was not a difficult propaganda maneuver.

The Albanian, Bulgarian, Czech, East German, and Rumanian regimes condemned the "reactionary" insurgents from the beginning and merely intensified their vilification of those who wished Hungary to withdraw from the Soviet bloc. The Polish and Yugoslav regimes notified their audiences only at the last minute of the anti-Communist "turn" of events in Hungary. They approved the Kadar government on the grounds that the Nagy regime had abandoned "democratic socialism."

After the initial use of Soviet military forces in Hungary on 23 October, a wave of anti-Soviet feeling had been building up in the Satellites. The final suppression of the revolution by Soviet troops on 4 November, while intensifying anti-Soviet feeling, probably dampened any hopes among the populace that their countries could emulate the Hungarian liberation. The Rumanian and Polish people were not immediately informed of the Soviet military action, probably because the governments were apprehensive of public reaction.

In East Germany, after the 4 November events, a wave of resentment against the Soviets reportedly swept the country, coupled with disillusionment at the lack of Western and United Nations action. Yugoslav popular opinion is reported to be

a resigned acceptance of the adverse turn of events.

Those who oppose Soviet and Communist dominance in the other Satellites can now do little more than hope. The regimes in Albania, Bulgaria, Czechoslovakia, East Germany, and Rumania undoubtedly were relieved when the USSR ended its silence and inactivity from 31 October to 4 November and launched its attack on the Hungarian "fascists."

The regime in Poland, caught between popular demands for greater democracy and greater freedom from the USSR, and pressures from the USSR for Poland's continued adherence to bloc policy and the Warsaw pact, must now set a cautious course, hoping that the lesson of Hungary will not be lost on the restive population.

Communist China

While its reporting of recent events in Poland and Hungary suggests that Communist China prefers that these countries attain a greater degree of independence from Moscow, the Chinese Communists have strongly endorsed Soviet armed intervention in Hungary. They expressed strong and unqualified support for Soviet actions when it became clear that Nagy intended to pull out of the bloc. By 5 November, the authoritative People's Daily was praising Soviet troops for having "twice helped the Hungarian people to achieve liberation," and continued to emphasize that the critical issue for Peiping is "solidarity among all the socialist countries."

Western Europe

The Soviet Union's repression of the Hungarian rebellion has aroused deep fears in Western Europe of a return to Stalinism in the Satellites.

In West Germany, the Adenauer government interprets

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the Hungarian developments as a warning of what could happen in East Germany. According to the press, the Bonn government is considering a crash program to create a corps of troops ready for immediate action.

British newspapers normally friendly to Eden have deplored Britain's intervention in Egypt at a time when world attention would have been focused on Hungary. Editorials critical of the government's Middle East policy state that the attack on Egypt may have tipped the scales in Hungary.

All speakers at the North Atlantic Council session on 5 November urged positive measures against the Soviet Union.

The Scandinavian press condemned the Soviet Union in the strongest terms, and expressed the opinion that events have proved the impossibility of peace and coexistence with the USSR. In Norway, the government has pressed the Soviet Union to admit Red Cross aid to Hungary.

The American embassy at Stockholm states that events in Hungary have had an unparalleled impact on all ele-

ments of Swedish opinion, and destroyed Moscow's post-Stalin protestations of its peaceful intentions.

Popular reaction in the Netherlands has been extreme. Five Dutch political parties on 5 November were planning to unite in a parliamentary demand that the government sever relations with the Soviet Union. Violent demonstrations against the Communists have occurred throughout the country. Rotterdam dock workers on 5 November refused to load Soviet ships.

The Soviet legation in Luxembourg was demolished in violent demonstrations on 6 November.

In Italy, there are signs of a desire to replace Togliatti as party secretary general with Di Vittorio, the head of the Communist-dominated labor organization, which has condemned the Soviet intervention. The present party leadership and its controlled press continue to uphold the use of Soviet troops in Hungary in the face of considerable rank-and-file expression of disapproval. Socialist party leader Nenni has also condemned the Soviet intervention.

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WESTERN EUROPE'S OIL SITUATION

Blocking of the Suez Canal and interruption of the oil flow through pipelines to the eastern Mediterranean affects approximately 86 percent of Western Europe's normal supply of petroleum and petroleum products.

The British government estimates its supplies of crude oil and products will last about four weeks and expects the first effects of the closure of the canal to be felt in about a

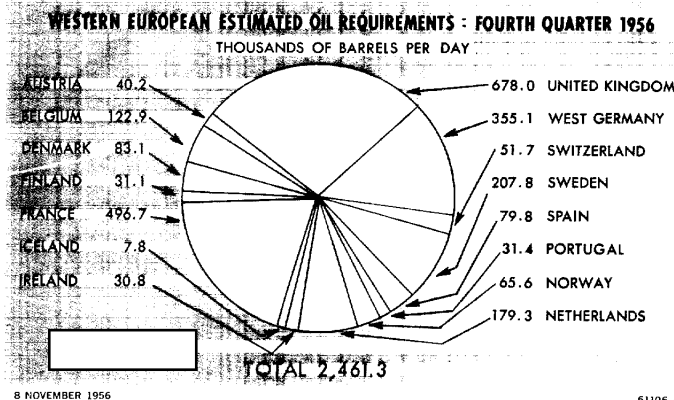
week; it has already taken measures to reduce consumption by 10 percent and may make further reductions soon. The French and West German governments are also planning allocation measures.

Western Europe produces slightly less than 10 percent of its normal petroleum consumption of approximately 2,500,000 barrels a day. A little over half of this normally transits the Suez Canal and

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flow of 860,000 barrels to Western Europe remained intact, the committee estimated that a net daily deficit of approximately 500,000 barrels would have to be replaced from "other sources"--the western hemisphere and Middle Eastern petroleum normally shipped to the United States.

nearly a third comes from the Middle East through pipelines to the eastern Mediterranean. The western hemisphere provides no more than 10 percent to any Western European country other than Sweden (29 percent) and Denmark (22 percent).

Among the major Western European countries, Britain and France obtain approximately 95 percent of their requirements from the Middle East, West Germany 60 percent and Italy nearly 100 percent. Imports of petroleum products from the Soviet bloc are quantitatively insignificant for Western Europe as a whole; Iceland obtains nearly all of its small requirements from the Soviet Union, Finland obtains 80 percent and Sweden 10 percent of its requirements from the bloc.

Alternative Shipments

The major oil companies have for some weeks been planning to adjust shipments to Western Europe if the canal were blocked and pipeline flow disrupted. Early last month the Middle East Emergency Committee, composed of American petroleum industry and government representatives, estimated that tanker shipments around the Cape of Good Hope could replace up to 800,000 barrels of Western Europe's normal daily receipt of 1,300,000 barrels through the Suez Canal. Even assuming that the normal pipeline

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The Current Position

The British said on 6 November there would be a delay of up to three weeks between the mid-November arrival of the last tankers to clear the canal and the first of those diverted around the cape. They estimated their stocks at four weeks' supply of crude oil and six to eight weeks' of finished products. The government has already ordered companies to cut back normal deliveries by 10 percent and is considering full-scale rationing.

France's supply of heavy industrial fuel is estimated at four to five weeks, though in other categories the French position is considerably better. The cabinet reportedly considered industrial fuel rationing on 7 November. West Germany's crude oil supply is unofficially estimated at three weeks and gasoline at two months. Emergency rationing plans were reported under consideration as early as last September.

The most critical situation among the NATO powers exists in Turkey, which now imports 32 percent of its supplies from the western hemisphere. Owing largely to financial considerations, stocks in some petroleum categories have reportedly declined to about one week's supply.

(Concurred in by ORR)

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UNREST AMONG FRENCH COMMUNISTS

There is increasing dissatisfaction among French Communists over their party's adherence to the Soviet line on events in Hungary. Moreover, the party's willingness to isolate its deputies in opposition to Mollet's Middle East policy will dim prospects for Communist efforts to achieve unity of action with the Socialists and will probably further disillusion wavering supporters. A wave of unprecedented anti-Communist action has already broken out throughout France.

Aimé Cesaire, French Communist deputy from Martinique who resigned on 24 October to protest the party's reluctance to initiate de-Stalinization, had little influence in the national party, but his resignation exemplifies the growing internal dissension. Communist secretary general Thorez' quick condemnation of Cesaire's "public aggression against the Communists" reveals the party's concern.

The events in Hungary have reportedly precipitated a crisis in the party leadership; Thorez and parliamentary leader Duclos insist that the Soviet leadership of world Communism should in no way be questioned, while another leadership group under Francois Billoux and labor leader Benoit Frachon believe the problems posed by de-Stalinization and renewed relations with Yugoslavia modify the French party's principles and should be openly discussed.

There is growing restiveness over the party's unqualified support of Soviet policy in Hungary, and the confirmation by French Communist leaders on 2 November that events in Poland and Hungary had left their

pro-Soviet policy unshaken. A number of fellow travelers, including Jean Paul Sartre and Simone de Beauvoir, and three Communist writers have signed a protest declaration against Soviet repression in Hungary.

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Whatever hope party militants may have had for unity of action with the Socialists has probably been hampered considerably by the party position against France's intervention in Egypt and its solid alignment with the Soviets toward the Satellites. Moreover, public hostility toward the Communists erupted into an attack on Communist headquarters in Paris on 7 November, as well as anti-Communist outbursts throughout France. The government has reportedly banned all Communist demonstrations to avoid clashes, and there is a move to outlaw the party under way in the assembly. The eventual Soviet policy on the Satellites may be the determining factor in the evolution of French Communist strength in the next year.

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SUSLOV'S SPEECH ON ANNIVERSARY
OF THE OCTOBER REVOLUTION

The major speech of the 39th anniversary celebration of the Bolshevik revolution, delivered in Moscow by party presidium member Mikhail Suslov on 6 November, was couched in conciliatory language and maintained the Soviet leaders' commitment to the broad lines of foreign and domestic policy established at the Soviet 20th party congress last February. No new policy lines were developed.

Foreign Policy

The part of Suslov's speech devoted to foreign affairs was cast in a much milder tone than might have been expected in the light of the USSR's strong position and aggressive diplomatic activity in the Middle East crisis. He gave no indication that the setbacks sustained by Soviet policies and prestige in Eastern Europe and the Middle East would compel the Soviet leaders to abandon or substantially alter the general foreign policy orientation established by the 20th party congress. The leaders appear to believe that the basic premises of this policy are still valid and that they should not allow themselves to be diverted from this course by Western actions.

With regard to Soviet relations with other members of the Socialist camp, the Soviet leaders seem confident they will be able to ride out the storm in Hungary. Using their accommodation with the Gomulka regime in Poland as a model, they feel they will succeed in gradually working out new relationships which will satisfy the basic requirements of Soviet military

security and maintain the USSR's ultimate hegemony over Eastern Europe.

Suslov emphasized Moscow's "determination to achieve an improvement in relations with the great power of the West, the United States."

His treatment of the Middle East crisis contained no signs that the USSR is contemplating any large-scale unilateral military intervention and indicated that the primary aim of Moscow's diplomatic moves in the present crisis is to portray the USSR as the champion of the victims of "imperialist aggression" and to place itself in a position to exploit the "powerful wave of indignation" which Suslov saw rising in Asia and Africa.

In the field of international Communism, Suslov reaffirmed the 20th congress line on different roads to socialism. He asserted that alleged Western efforts to disrupt the world movement by exploiting the de-Stalinization campaign had failed and that the 20th congress doctrines have resulted in increased Communist political activity in every country.

Domestic Policy

Suslov's summary of internal developments indicates that the party's general domestic policies will remain in effect. The economic references in his speech, while reaffirming the traditional priority of heavy industry, pointed to an emphasis on consumer welfare comparable to what existed before the demotion of Malenkov in 1955. He

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confidently predicted that the USSR's industrial production would soon surpass that of the United States in absolute terms.

In regard to agriculture, Suslov expressed extreme satisfaction with the recent success of the current program, particularly in the virgin lands areas. His statement that the "line of the party has fully justified itself" suggests continued approval of the agricultural program pushed by Khrushchev.

The regime is apparently considering streamlining the governmental organization still further. Suslov stated that despite "trimming" opera-

tions which have recently been effected, the administrative apparatus is still cumbersome and steps must be taken to eliminate red tape and bureaucracy.

In his brief political remarks, Suslov placed no special emphasis on the "cult of the individual." He claimed that the Leninist norms of party life have been restored and that the whole people is rallying around the party. He concluded by setting as the most vital task for the party the further consolidation of ties between the party and the workers. [REDACTED]

(Concurred in by ORR)

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SOUTH KOREA RENEWS ATTEMPT TO INCITE REVOLT IN NORTH KOREA

The anti-Soviet uprisings in Eastern Europe have given South Korea's President Rhee renewed hope that his objective of unifying Korea by force may yet be attained. In an attempt to incite the North Korean people to rebel against the Moscow-dominated Pyongyang regime, Seoul radio has begun a new series of broadcasts to the North. Widespread popular demonstrations are being carried out under government auspices, and most of the South Korean press has joined the semiofficial Korean Republic in demanding action to free the "enslaved people in the North." President Rhee has called on all citizens to stand ready for action should the North Koreans respond.

In the past, Rhee's threats to "march North" have been for psychological purposes rather than serious declarations of intent. Both Rhee and his military commanders have acknowledged the impracticality of large-scale military action without American support, and

he is therefore unlikely to attempt an all-out attack unless he becomes convinced that the North Koreans would rally to his support.

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While Rhee's ultimate intentions are not yet clear, the demonstrations in the South are probably intended primarily

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to prepare the South Korean people for action in the event of a response from the North. Should this not occur, the demonstrations would still serve to resurrect popular interest in unification, help Rhee revive his declining political position, and exert some pressure on the United States for forceful action on the Korean unification issue.

It is unlikely Rhee will be able to incite a rebellion

in the North. Organized opposition to the regime apparently does not exist, and those leaders who might favor a loosening of ties with the USSR have long since been purged. The North Korean regime will undoubtedly exploit Rhee's threat to resume hostilities as proof of his contempt for any peaceful settlement to the Korean unification question.

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NEW "LIBERALIZATION" PROGRAM IN NORTH VIETNAM

The Viet Minh, which has previously endorsed "liberalization" developments in the Communist bloc, last week announced its first democratization measures, implicitly ascribing the move to the unpopularity of its land reform program. Peasant dissatisfaction in North Vietnam recently culminated in open violence.

The announcement, issued in the form of a communiqué by the Council of Ministers, calls on land reform cadres to rectify "grave mistakes" and to avoid "dictatorial acts." To advance the more liberal policy, rich peasants are no longer to be classified as landlords, and even landlords are to be permitted to "transform themselves into good citizens."

Land reform committees are deprived of the "rights of leadership," and the special people's tribunals are abolished. Participation of the populace in the "management of the state and control of the administration" is to be carried out by people's council elections in 1957, and "democratic rights" are to be ensured by improvements in the legal system.

Hanoi was probably motivated in part by the need to keep up with obvious improvements in the national status of South Vietnam, which held elections early this year and promulgated a new constitution last month. The Viet Minh has not held "elections" in nearly eleven years.

While the Viet Minh leaders may have been influenced by developments in Eastern Europe, they apparently envisage a "new course" that goes no further than the domestic policy changes recently adopted in the USSR and Communist China. There appears to be little prospect of a weakening of Hanoi's ties with the Orbit.

Ho Chi Minh emerges with increased stature from the reshuffle in leadership which marked the inauguration of the new policy. He has strongly supported the Kremlin line on "national Communism." In an article written for Pravda last July, he denied the "purely national" character of the Viet Minh transition to socialism and rejected the thesis that Viet Minh developments are a "personal affair" which no longer concerns the international proletariat.

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Three top officials who have been closely associated with land reform and party organizational failures have been demoted, including party Secretary General Truong Chinh. The position of Premier Pham Van Dong may also have been weakened. He is director of the much maligned National Agrarian Reform Committee, and failed to preside over the last meeting of the Council of Ministers.

The fact that Vice Premier Vo Nguyen Giap, who is also defense minister, gave the keynote speech on the need for reform at the recent central committee meeting suggests that he has improved his standing in the regime. There have been several reports that he and Truong Chinh, who retains his politburo post, are bitter enemies. [REDACTED]

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LAOS AND PATHET LAO AGREE ON NEUTRAL FOREIGN POLICY

The Laotian government and the Pathet Lao signed an agreement on 2 November which established the framework of Laotian neutrality. By this agreement, the Pathets achieved one of their primary objectives and paved the way for diplomatic relations with bloc countries and the acceptance of bloc economic aid. The agreement specifies that Laos will establish diplomatic relations with neighboring countries, and with all other countries "irrespective of their internal regimes." It also provides that Laos will accept all economic aid given "without strings." An immediate result of the agreement will be to open the way for relations with the USSR, Poland, Czechoslovakia and Rumania.

The government's chief negotiator told embassy officers that the agreement is qualified by secret clauses in the minutes of the mixed political commission. These clauses attach qualifications to the opening of diplomatic relations with Communist China and North Vietnam, while acceptance of economic aid is subject to prior drafting of Laos' five-year development plan and the establishment of the need for such aid. Prime Minister Souvanna

Phouma implied that the agreements were vague promises designed to deceive the Pathets. Nevertheless, it is apparent Laos weakened its bargaining position by meeting Pathet demands on this issue without extracting concessions on the two disputed provinces and the integration of forces.

Developments in Eastern Europe may slow the establishment of relations with bloc countries. Souvanna Phouma assured Ambassador Parsons he was holding up action on the exchange of representatives with the USSR in view of recent developments and that Laos was "as shocked by these events as the United States."

The Pathet Lao, in violation of the agreement of 5 August on a cease-fire, is reported to have forcibly conscripted 1,600 men and formed four new battalions in the two northern provinces. The Laotian chief of staff believes such a move would be designed to obtain more and higher ranks for Pathet officers during the integration of forces. If Souvanna failed to react to such a move, it would indicate he was determined to reach a settlement at any cost. [REDACTED]

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AND PAKISTANI OFFICIALS**

Neither the recent visit of Afghan prime minister Daud to the USSR nor of Pakistani prime minister Suhrawardy to Communist China resulted in any new agreement or commitments. Routine joint communiqués were issued in conjunction with both visits.

On his return on 2 November, Daud described his two-week trip as "a happy one." The reception accorded him in Moscow, though cordial and widely publicized, did not compare in size with those given Indian prime minister Nehru and Indonesian prime minister Sukarno. Although the joint communiqué issued on 30 October mentioned that he had "met and negotiated with" various Soviet leaders, no new Afghan-Soviet agreement was announced.

Despite his close relations with the USSR, Daud is still solicitous of Afghanistan's independence. Soviet premier Bulganin told him on 29 October that the USSR "invariably" adheres to the principles of

"respect for territorial integrity" and "noninterference in the internal affairs" of all states. The contrast between these words and Soviet armed action against the Hungarian independence movement on 4 November may reawaken Afghanistan's suspicions of the USSR and make Kabul reluctant to undertake additional Soviet ties.

The Pakistani public believes that Suhrawardy's 12-day visit to Communist China, which ended on 29 October, has increased his political stature and contributed to the country's international prestige. The American embassy anticipates early efforts to expand Pakistani-Chinese trade.

Suhrawardy mildly praised Communist China's internal achievements during his visit. However, he appears to have taken a tough line with Peiping on foreign policy. After his return to Pakistan, Suhrawardy claimed that he defended the United States to the point where Chou told him, "You talk just like Mr. Dulles."

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**CHINESE REPRESENTATION
AT THE UN GENERAL ASSEMBLY**

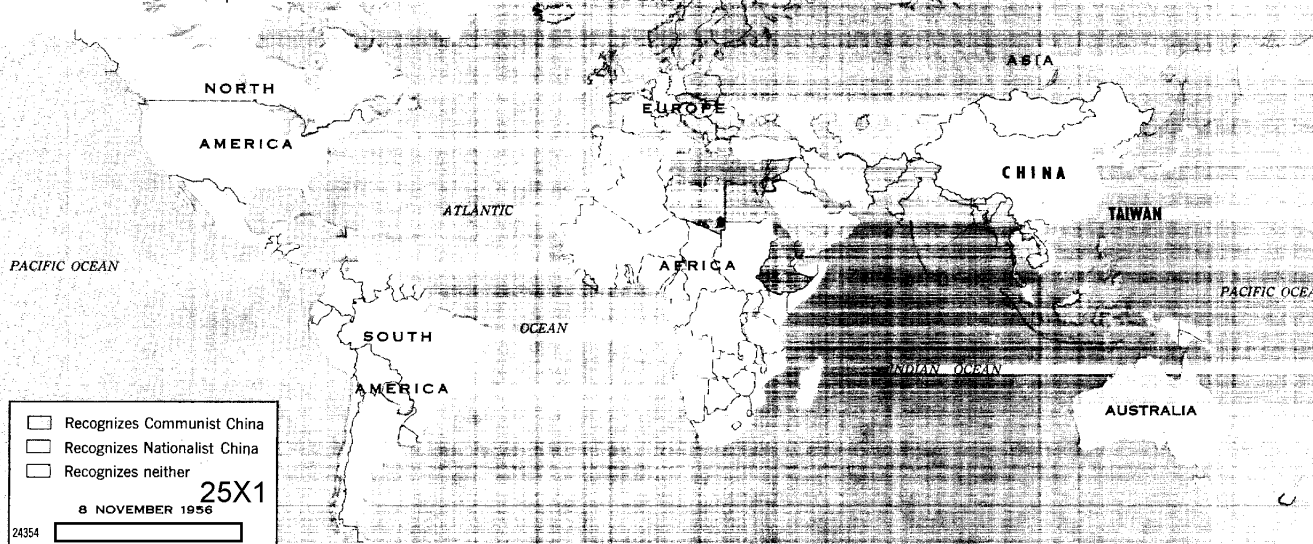
Nationalist China is expected to retain its right of representation at the forthcoming UN General Assembly, scheduled to convene on 12 November. Because of the increased UN membership and the general feeling in the UN that the problem should be resolved, however, Communist China is expected to pick up considerably more votes than the 12 it received last year. In addition, the USSR, probably with India's aid, is reportedly lining up a great number of members to speak in Peiping's favor.

The UN's involvement in the Middle East and Hungarian

crises seems likely to influence the members to maintain the status quo on the perennial East-West item of Chinese representation.

Britain on 7 October announced its continued support of the moratorium on the Chinese membership question for the entire session, thus ensuring the support of most of the Commonwealth and Western European countries. This procedural device, which postpones substantive discussion of the question, also probably has the support of the 20-member Latin American bloc. Many of the 23 members of the Arab-Asian

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bloc will probably abstain on the issue. Support for Peiping will probably come from the nine-member Soviet bloc, the Scandinavians, and such Arab-Asians as India, Indonesia, Ceylon, Egypt, Yemen and Syria.

Twenty-five of the 76 members of the United Nations recognize Peiping, 37 recognize the Nationalist government, and 11 recognize neither. The remaining three members are China, Byelorussia, and the Ukraine. While recognition of Communist China does not necessarily carry with it support for Peiping's admission to the UN, most members have long believed

that the issue of Chinese representation must eventually be resolved by this means and have supported the annual moratorium on this issue largely on grounds of expediency.

Taipei's membership in other international organizations and in the specialized agencies of the UN is directly contingent on retention of its UN membership. The 11th General Assembly's expected support for Nationalist China will probably assure Taipei's membership in other international organizations for at least another year.

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ICELAND MAY MODIFY DEMANDS IN BASE NEGOTIATIONS WITH US

Recent events in Eastern Europe have greatly strengthened those elements in Iceland who favor the retention of American troops at the Keflavik NATO air base. While the Icelandic

government may require some face-saving concessions, it may retract its original demand that American forces be withdrawn, and negotiations which are supposed to begin about 19 November in Reykjavik may be called off.

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The coalition of the Progressives, Social Democrats and the Labor Alliance has been maintaining since last spring that the world situation had improved sufficiently to warrant a withdrawal of American forces, but this position has been completely undermined. The strong reaction of the Icelandic public to the Soviet Union's resort to force in Hungary has greatly strengthened the position of those elements favoring a strong defense. These elements, chiefly the Conservative Party but including elements in the Progressive and Social Democratic Parties, are expected to bring pressure on the government to adopt a more amenable attitude regarding the question of American troops.

The Icelandic government has not officially indicated that it is reconsidering its position; however, usually reticent Foreign Ministry officials have told the American embassy that recent events would facilitate a solution of the defense force problem along the lines of the North Atlantic Council recommendation of late July. That recommendation found a continuing need for the stationing of American forces in Iceland. [REDACTED]

The Labor Alliance Party (Communist), which holds a key position in the coalition government, may accommodate itself to the pressure of public opinion in order to remain in the government. Even before the Eastern European outbursts, the Communist leaders were reportedly considering accepting the continued presence of a NATO defense force in order to strengthen the "leftist" coalition, which they hope will evolve into a "leftist" party under their control.

Meanwhile, the employment of Icelanders at the air base is being reduced and will total only 700 on 31 December, compared to about 1,800 on 30 June. If no agreement is reached for the continuation of the base at its present level, Iceland's net foreign exchange earnings from the base will decline in 1957 by two thirds from the 1956 estimate of \$12,000,000. [REDACTED]

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NORTH AFRICA

The widespread support in the Algiers area for the general strike on 1 November, the second anniversary of the outbreak of the rebellion, showed clearly the discipline of the Moslems under the leadership of the Front of National Liberation. The Front chose not to stage concerted uprisings on that date, and may be holding off until the Algeria issue comes

before the UN General Assembly this fall. Algerian terrorism has continued at about the same level it has maintained for the past two months.

In Tunisia, a four-hour demonstration of solidarity with the Algerians, sponsored by the Neo-Destour party and the principal labor organization, indicated both the Tunisians'

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sympathy for the Algerian cause and the ability of the Tunisian government to control such a demonstration.

The Moroccan government, fearing a possible repetition of the recent massacre of Europeans at Meknes, banned all demonstrations.

Although preoccupied with domestic difficulties, both the Moroccan and Tunisian governments have announced their firm support for Egypt. Nevertheless, Tunisian premier Bourghiba admitted in a radio address that

Tunisia could give only moral support to Egypt and urged the Tunisians to eschew violence and rely on efforts of the UN.

Meanwhile, both Morocco and Tunisia are examining all sources of revenue in order to reduce their dependence on French financial assistance. French minister Gillet in Tunis has told the American ambassador there that France might resort to financial pressure unless the Tunisian government became more co-operative about French operational troop movements. The Moroccan government has made an initial approach to the United States for financial aid amounting to \$70,000,000 annually for three years. At the same time, the sultan has sent emissaries to Paris in an effort to reopen the financial discussions terminated by France several weeks ago.

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THE DEVELOPMENT OF AN EAST GERMAN ARMY

Although the East German army, officially created in January out of the Garrisoned People's Police (KVP), is being developed into a modern fighting force with up-to-date weapons and tactics, its reliability in the current unstable situation in Eastern Europe is questionable. The East German regime hopes to overcome the defense establishment's low morale and low political reliability. The army is intended to be a well-trained cadre force which could be expanded quickly by the addition of conscripts.

Manpower

East Germany now has forces estimated at 119,000 and a draft conscription law and administrative

machinery for conscription which could quickly be put into operation. There are reports that within the next several years East German forces, in order to counter the build-up in West German strength, will reach 250,000 through conscription.

The East German announcement of 30 June that the regime's armed strength would be reduced to 90,000--made a few days before the crucial Bundestag vote in Bonn on instituting conscription for the new West German army--was largely for external political effect. There is no evidence that this reduction has been or is expected to be carried out.

Efforts to induce men to volunteer for the armed forces

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have met with only limited success. In some instances, coercive recruiting has been resorted to, as well as the forced transfer of men with military and technical backgrounds from the ranks of the civil and transport police.

Expansion of Forces

The East Germans are building up a hard-core, experienced cadre. KVP personnel who transferred to the army were required to extend their enlistments for two years. Before its incorporation into the army, the KVP had been developed into a seasoned, reasonably stable cadre. The steady flow to West Berlin and West Germany of East Germans who either had been inducted into the KVP, or feared recruitment could no longer be evaded, had already cleared the KVP of its politically least "reliable" elements.



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Four new staff officer schools are being opened to accommodate an expected increase in the number of officers under training for command positions. Qualified Socialist Unity Party functionaries and members of the Workers' Militia (Kampfgruppen) are now eligible for reserve commissions. Advanced training of German officers in the USSR has been intensified under the terms of the Warsaw pact, and several hundred ground officers are to be sent annually to the USSR for training. An agreement has reportedly been negotiated to clarify the legal position of Soviet

instructional teams and advisers in East Germany and define the scope of co-operation in situations not covered by the Warsaw pact.

Organization

The Ministry of Defense has been organized along Soviet lines, with administrations for ground, sea, air and air defense forces. Military districts have replaced the former Northern and Southern Corps: the four divisions in the north are controlled by Military District V in Pasewalk and the three divisions in the

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south, by Military District III in Leipzig.

The two districts are responsible for recruitment and mobilization, logistical support of subunits, paramilitary and premilitary training, and civil defense support. They are also charged with the classification and enrollment of all citizens suitable for defense work, and the supervision and control of movement of goods and persons concerned with the national defense program. The latter functions are to be carried out in co-operation with the appropriate organs of the party and state. The military districts apparently maintain tactical control of the units in their areas.

Several organizational changes have taken place to increase the efficiency of the ground forces, particularly artillery units. The firepower of independent artillery regiments has been increased by replacing 122-mm. howitzers with 152-mm. howitzers and gun-howitzers. The mortar regiments of the mechanized divisions may have been reorganized as additional artillery regiments, which would conform to the new Soviet organization. Regimental chemical warfare platoons have been expanded to companies, reflecting the growing importance attached to chemical, biological and radiological warfare. Construction engineer battalions have been disbanded and their personnel integrated into organic divisional engineer units.

Training

Field exercises this summer revealed an increasing capability, indicating that the transition period and reorganization did not lower the level of training. One field exercise--on at least a division level--in the Prora-Rostock area along the Baltic coast, featured

defense against sea and airborne invasion. A reinforced mechanized division conducted a major exercise near Stendal. Tank-infantry team training and engineer training at river-crossing sites have received special emphasis this year, and training under simulated conditions of atomic warfare is receiving at least as much attention as last year.

Equipment

Virtually all East German military equipment except motor vehicles and communications equipment is Soviet-made. Substantial quantities of materiel have been turned over to the East Germans in the past two years and additional Soviet supplies probably will be made available as the army's capabilities improve. Present shortages could be overcome easily by using Soviet stockpiles in East Germany. The East German army is equipped with JS-2 heavy tanks, T-34 medium tanks, 152-mm. howitzers, 57-mm. AT guns, 85-mm. AAA guns and other Soviet weapons and small arms.

Border and Paramilitary Troops

In September 1955, East Germany was assigned the responsibility for guarding its borders, and Soviet border troops subsequently returned to the USSR. A campaign was conducted to augment the 30,000-man East German force last spring.

The two paramilitary organizations--the Society for Sports and Technology (GST) and the Kampfgruppen--have assumed increasingly militaristic roles. Like its Soviet counterpart, DOSAAF, the GST is the official organ for premilitary and post-military training, and is subordinate to the Ministry of Defense, as of 1 March. Although allegedly a sports training organization, the GST, with a reported membership of over

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40,000 in the 14-25 age category, has been reorganized to give the training of military skills precedence over all other forms of activity. Particular emphasis is placed on glider training, parachute jumping, radio communications, dog training, and motorcycle and truck driving. Army officers train instructors, and the basic training is similar to the army's.

The Workers' Militia was initially organized after the riots of June 1953 as a factory guard force, but the increasingly military nature of its organization and training would permit it to be utilized as a

reserve force. It reportedly has a membership of over 94,000.

Morale and Reliability

Low morale has been reflected in the numbers of desertions and defections and general lack of esprit de corps among units. Recent events in the Satellites suggest that the East German army could not be relied on to quell civil disorders. The unreliability of East German conscripts would continue to weigh against Soviet desires to develop a larger, more powerful East German Army.

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